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Introduction & Overview

of Port St Johns Municipality



Introduction & Overview
of Port St Johns Municipality

The Municipality Council consists of 31 councillors. Of these, six councillors comprise the Executive Committee. In addition to the Executive Committee, the Council has four portfolio-based Standing Committees: the Finance and Administration Committee, the Local Economic Development Committee, the Public Works Committee and the Social Services Committee.

These portfolio-based committees are each headed by an Executive Committee member. These four Executive Members are accountable to the Executive Committee with regard to their respective portfolios. The Executive Committee itself is in turn accountable to the main Council. The Accounting Officer and the other Section 57 Managers attend Council meetings to provide an administrative account of the progress in the municipal strategies, which are embedded in the Integrated Development Plan.

The role of the standing committees is to support senior management in making decisions and effectively utilising the resources of the municipality in the course of service delivery.

Municipality's Vision

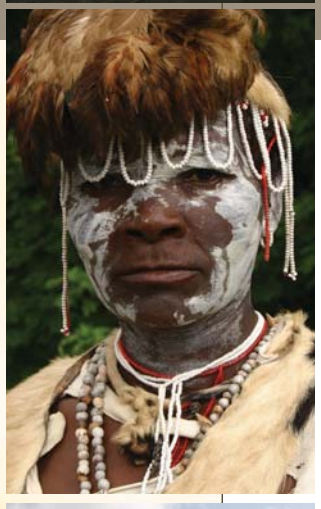
It is the vision of the Port St. Johns Municipality to be a transformed, integrated municipality that subscribes to developmental local government principles and provides a sustainable quality of life. This will be achieved through the creation of a regional centre ("Port St. Johns - Gateway to the Wild Coast") that generates economic development and employment opportunities through improving basic services in rural areas and utilising the area's natural resources and tourism potential.

Mission

Port St. Johns Municipality will deliver services to the community and develop local communities to improve the quality of life.

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Message from the Mayor



The municipality is in a rebuilding and consolidation phase. As the political and the administrative leadership of this institution, we have had to refocus the municipality's activities to include key strategic issues. This decision was informed by an introspective, critical analysis of our performance as a municipality over the last few years.

In this process, we identified our shortcomings. We were thus able to identify the key strategic areas of focus, which are expanded on in the Municipal Manager's report. The challenge we have as the Port St. Johns municipality is to offer our communities reliable and predictable services.

During the year under review, the appointment of Senior Managers was a key achievement in steering the municipality on a course towards acceptable levels of service. Aside from the capacity issues well documented in this report, the major challenge for our municipality is to achieve a measure of financial stability. While this may appear to be an insurmountable task, we are nonetheless fervently working on overcoming it; there are promising signs, even at this early stage, that in the long-term we will prove worthy of the challenge.

When it comes to service delivery, the municipality has four top priorities: poverty alleviation, expanding the supply of clean and treated water to a wider community, expanding the supply of electricity, constructing roads and providing housing. Some of these service-delivery priorities are unfunded

mandates; in these functions, we fulfil a facilitation role as the third tier of government. The municipality's consolidation process referred to earlier will seek to ensure focus both on direct and indirect service delivery as the municipality seeks to achieve excellence.

Our strategic plans for the future are presented and discussed in the body of this report and will enhance the economic activity in Port St. Johns, gradually improving the quality of life in our communities.

I take this opportunity to thank my fellow Councillors, the Municipal Manager, Senior Management and all Council employees for their commitment and hard work in advancing the cause of our municipality.



W M Mtakati

The Municipal Manager's Report



Introduction

Although the municipality has not attained all the strategic objectives in the Integrated Development Programme (IDP), this year can be viewed as the beginning of a landmark turnaround that will positively change the fortunes of communities in the Port St. Johns Municipality. This is part of a long-term strategy aimed at bringing about a visible improvement in the municipality's service delivery. The municipality will continue to work hard to ensure the realisation of these goals.

Background

Notwithstanding the fact that Port St. Johns is a recognised tourist attraction centre (given the natural beauty of the coast, the Umzimvubu river and the lagoon), the municipality has not quite succeeded in turning this benefit to an economic boon for the municipality. This is the challenge we have as the administration arm of the municipality.

Areas of Strategic Focus

In a nutshell, the biggest challenge of the municipality is to improve service delivery while strengthening the financial viability of the municipality. Historically, the Port St. Johns municipality underwent a financial downturn which it has never quite recovered from. However, in the year under review we have started laying a firm foundation in achieving a sustainable recovery plan.

Specifically, the following have been the municipality's key challenges:

- Lack of adequate skills at management level and below (in certain instances), directly hampering our potential to deliver the acceptable minimum level of service delivery.
- Inadequate municipal infrastructure, directly disadvantaging the business community and negatively affecting business growth at Port St. Johns.
- Inadequate plant and equipment to service our rural constituencies in particular.
- Severely limited financial resources and inadequate financial management, both internally and externally focused. Externally, the municipality has always been issued with a disclaimer of audit opinion by the Auditor General in the previous financial years, due to the state of the municipality's accounting records.
- Governance structures required by the MFMA are not in place. This refers to the Internal Audit Function and the Audit and Risk Committee.
- The institutional Performance Management system was one of the outstanding key challenges in the year under review.
- The housing function also remained a challenge for the year under review, as the municipality remained understaffed in this critical area, due to funding constraints.
- Notwithstanding capacity challenges, the majority of the legislation-based administrative functions were performed during the year.

Strategic achievements in the year under review

While the municipality has not achieved an overall level of desired targets to-date, certain strategic achievements have been made in the year under review.

Notwithstanding the challenges that remain, the appointment of the Technical Manager early in the financial year brought about a fair measure of stability in the department, resulting in a focus on the core business of the department: embarking on more infrastructure expansion projects and a strategic maintenance of the overall municipal infrastructure.

The appointment of the Chief Finance Officer (CFO) early in the new financial year stabilised the Budget and Treasury department, resulting in a remarkable improvement in the quality of financial management at the institution. For example, non-critical expenditure has been completely eliminated from our expenditure pattern.

The CFO and his team and the rest of management worked tirelessly to improve the audit opinion on the current year audit. Further, the CFO has embarked on a plan of capacitating the Budget and Treasury personnel, whereby they have been exposed both to formal training outside the municipality and intense on-the-job training, yielding remarkable results.

As detailed in the CFO'S report, the municipality has implemented the new financial reporting structure, being the GRAP, GAMAP and GAAP conversion. Port St. Johns is one of the first small municipalities that have undertaken an early implementation of the GRAP conversion.

A number of Local Economic Development and Poverty Alleviation projects were completed. These include the high value crop production, tea production revival, vegetable production, craft and arts, poultry management, establishment of a fishing project, basic bookkeeping, etc.

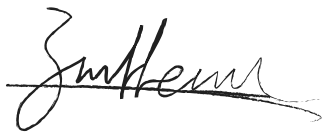
Prospects

In the new financial year 2008 / 09, the municipality has constituted a fully-functional Audit and Risk Committee. The municipality's long-term financial turnaround strategy will begin to bear more fruit in the coming years.

The municipality has innovative plans to rehabilitate the town's CBD. This has been an historical source of outcry for years. This initiative will bring a significant impetus and boost to the overall economic activity in Port St. Johns. Furthermore, the construction phase will create a number of temporary jobs.

Administratively, the municipality faces a challenge of inadequate office space. It is envisaged that future developments, including the rehabilitation of the CBD (among others), may meet this need.

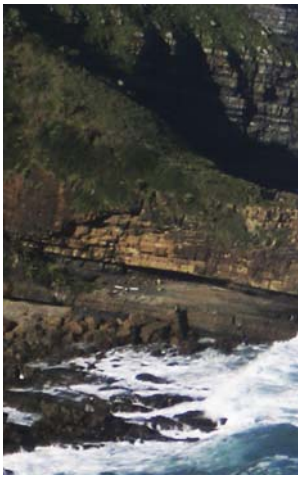
We continue to enhance the effectiveness and the functionality of our governance structures. The municipality also continues to enhance the municipality's financial reporting systems.



Z Hewu











Overview of the Municipality

Demographic Overview



Overview of the Municipality

Demographic Overview

The Port St. Johns Municipality is a Category B municipality, situated on the coast of the Indian Ocean in the largely rural Province of the Eastern Cape. It is bounded by Lusikisiki in the north, Libode in the west and Mthatha in the south. The municipality is one of the coastal municipalities within the O.R Tambo District Municipality.

The municipality spans a total area of 1239 square kilometres (8800 hectares) and comprises of 16 wards. It has a total population of 146 139, consisting mainly of Blacks (99%). The remaining 1% is composed of Whites, Coloureds and Indian/Asian ethnic groups.

Port St. Johns is known for its beautiful beaches, mountainous terrain with hills, cliffs and sandy dunes. The municipality's beautiful scenery, its natural vegetation and the pristine beaches referred to above are the main attractions for tourism. It has land for commercial use and an environmentally-friendly residential area. There are 1053 types of plants and 164 plant families found around Port St. Johns. Five of these plant families and 196 plant types are only found in the Pondoland area, of which Port St Johns is the heart. This unique vegetation harbours rare bird species, providing evidence of the rich biodiversity in Port St. Johns.

The municipality has two key economic sectors: tourism and agriculture. In terms of commercial and economic activity, the municipality is growing at a steady pace.

Financial Health of the Municipality

The municipality's financial state is less than ideal. In the current year, the equitable share decreased from R26 million in the previous financial year to R21 million in the current financial year. This forced the municipality to reduce its overall budget and thus the level of service delivery, as the Performance Report indicates.

Challenges were also experienced in the collection of billed revenue. Of the R3.5 million billed for rates and refuse for the current year, the municipality managed to collect R846 025, taking into account the

"Discovering this idyllic place, we find ourselves filled with a yearning to linger here, where time stands still and beauty overwhelms."

- Author Unknown







fact that the collected amount also includes collections with regards to the equivalent opening balances due at the beginning of the financial year. The municipality does not have a good and stable revenue base; it only has 1300 urban-based accounts, including government properties.

The anomaly (which faces all rural-based municipalities in South Africa) is that the municipality services all sixteen wards in the designated municipal area, yet rates and refuse income are only recovered from one ward, comprising 1% of the total population being serviced.

This is a major disadvantage to the municipality and given the decrease in the equitable share allocation, it can only mean a reduction in the delivery of services. However, the municipality aims to substantially improve its revenue collection rate.

The new Property Rates Act, planned for implementation in the 2009/10 financial year, will bring about a substantial increase in revenue billed. This increases the importance of the municipality's ability and strategy to substantially improve the collection rate. The new Act also entitles the municipality to collect the rental payable by tenants directly where the landlord is in arrears with respect to rates and other municipal service offerings.

Economic Growth and Job Creation

The municipality's economy is relatively limited. The municipality contributes approximately 2.3% to the O.R Tambo District Municipality's Gross Geographical Product and is the smallest of all the seven municipalities in the district.

The town's topography and its natural vegetation play an important role in the development of tourism and the agricultural sector. The most dominating factor, however, is the 66% of the GGP contributed by community services, followed by 12.3% and 8.6% contributed by trade and manufacturing respectively. Agriculture is only practiced for subsistence and contributes about 5.6% to the GGP.

Job Creation

The municipality, together with the Department of Social Development, took the initiative and funded a number of projects in the municipal area aimed at alleviating poverty. These projects targeted a wide range of beneficiaries in different areas, aiming, among other things, to create jobs for the local communities. The myriad of programmes undertaken have different target groups: children, the elderly, women, youth, those infected and affected by the HIV/AIDS pandemic, etc. These projects range from food security to capacity building in income generating projects.

Economic Challenges Facing the Municipality

As mentioned, the municipality is mainly characterised by a mountainous terrain with hills, cliffs, beaches and sandy dunes. The slopes are as steep as 1:3, or even steeper, rendering potential developments in the overall municipal area exceptionally costly. Relatively flat areas are generally found close to the sea and rivers, where the risk of floods is a factor.

The Port St. Johns Municipality has some of the highest levels of poverty, illiteracy and unemployment in the entire Province of the Eastern Cape. An estimated 96% of the population is unemployed. A substantial part of the population, further, is unemployable, either because they are too young to be employed, are at school, could not find work or choose not to work, while some are unable to work due to illnesses or disabilities.

The municipality being the main employer (taking into account that limited employment opportunities are available), comes with the repercussion of increased need for welfare and indigent support. It is therefore necessary for the municipality to prioritise service provision, skills and social development.

In addition to the prevailing unemployment phenomenon, the municipal areas also have a lack of skills, aggravated by the fact that it is difficult to attract suitable, specialised skills to Port St. Johns given the prevailing economic factors in the region. Approximately 26% of the population have no schooling at all. A further 43% have Grade 7 and below.

The municipality's facilitation of telecommunications delivery is hindered by the topography of the municipal area. The mountainous region makes it prohibitively costly to provide this service. Consequently, some areas of the municipality do not have any telecommunication network coverage at all. Another factor is the rejection of high-mast electronic infrastructure by the Department of Environmental Affairs; the Environmental Impact Assessment (EIA) identified this infrastructure to be environmentally unfriendly.

Approximately 11% of households depend on cellular telephones for telecommunication, while about 50% of the population have access to landlines from other nearby locations such as Tombo and Dangwana. This has a negative impact on the efficiency of local businesses, emergency institutions, South African Police Services and general communication by communities and tourists.

Equitable and Effective Service Delivery

The municipality struggled in the delivery of housing. The housing delivery plan for the 2007/2008 financial year was to develop 42 houses to meet the backlog on the Mtumbane Project. These houses were not developed due to the unavailability of land. Another challenge that the municipality faced in this regard is the lack of control over the beneficiary registration process, resulting in beneficiaries registering for more than one house within the district and in different provinces.

The majority of the land in the municipality is either owned by the Department of Land Affairs or is privately owned. Like the rest of the country, the Port St. Johns Municipality has not been immune from land claims. In the past few years, there has been significant delays in resolving land claims. However, in the current financial year the Minister of Land Affairs has reimbursed the residents of Caguba for the land they claimed. This land was then released to the municipality to develop, thus opening doors for new developments in the area.

The municipality has a high backlog in the provision of basic sanitation services. According to the 2001 census statistics, only 4% of households have access to running water and toilet facilities, either through being connected to a sewerage system supported and serviced by the District Municipality or through the utilisation of privately-owned septic tanks.

To complete the statistical analysis, a total of approximately 74% of households have no access to sanitation services, 18% use pit latrines, 3% use chemical toilets and 1% of the population use the bucket latrine. While the picture might have changed since the 2001 census, it is estimated that at least 50% of households still do not have access to sanitation services.

Level of Service	No. of Households	Percentages
Flush (Sewerage system)	810	3%
Flush (Septic tank)	498	1%
Chemical toilet	584	2%
Pit latrine (ventilation)	511	2%
Pit latrine (without)	4 910	17%
Bucket latrine	338	1%
None	21 673	74%
Total	29 324	100%

Table 1: Household Access to Sanitation Services. Source: Census 2001

Level of Service	No. of Households	Percentages
Inside Dwelling	196	1%
Inside Yard	1 299	5%
Community Stand Pipe	1 282	5%
Com stand over 200m	2 646	9%
Borehole	757	3%
Spring	5 367	19%
Rain Tank	680	2%
Dam/Pool/Stagnant water	684	2%
River / Stream	15 353	53%
Water Vendor	175	0%
Other	276	1%
Total	**28 715**	**100%**

Table 2: Water-serviced Households. Source: Census 2001

A similar pattern is apparent with respect to water. Fresh, healthy and treated running water is a scarce commodity in Port St. Johns.

The Port St. Johns municipal area is 88% electrified. The Mbotyi Project, currently under construction, will connect a further 1926 customers and is due for completion at the end of July 2009.

Infrastructural Challenges facing the Municipality

The municipality generally lacks good road infrastructure. This negatively affects general mobility and limits access to social services, potential employment and economic opportunities. As a result of limited funding, roads are not well maintained and are characterised by potholes, patches and cracks, deteriorating pavements, indistinct road markings and poor signage. These have a negative impact on the public transport system as well as the efficiency of the municipality. Accordingly, public transport operators restrict their services to paved or tarred roads. Many schools, clinics and other facilities in the municipality therefore remain practically inaccessible with virtually no predictable transport services.

There is thus a need for major upgrades of the road network to support the anticipated economic development of the municipal area. As mentioned above, the municipality's rugged mountainous terrain further exacerbates the limitation of access to a number of municipal areas. In certain instances, while the municipality has long-term plans to develop this infrastructure, the cost of such road infrastructure development is substantial. Access to coastal towns, particularly on the Wild Coast, is generally a challenge, given the mountainous landscape terrain. This has a negative effect on the general level of economic activity.

Environmental Challenges facing the Municipality

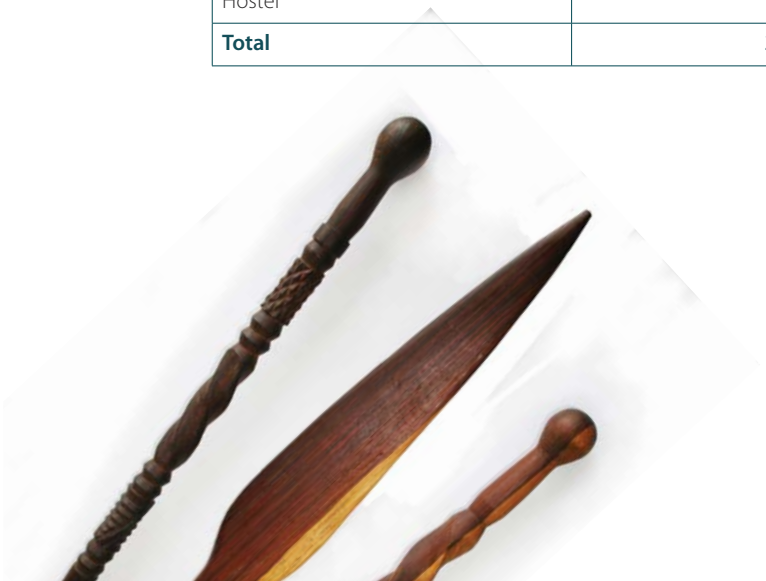
The splendid and untouched natural environment of the Port St. Johns Municipality necessitates that all developments in the municipal area have to undergo Environmental Impact Assessment studies before they are approved for development. In the current financial year, there were no funds for the development of an environmental management plan, which would have detailed the steps to be taken when planning developments and at the same time preserving the land's natural state. Going forward, the municipality is doing all it can to source funding for this all-important initiative.

Housing and Shelter Condition

The municipality is working on resolving the housing challenge. However, the demand for housing continues to increase from year to year. The municipality has recently received land that is eligible for middle-income housing development.

The municipality's landscape has led to general inaccessibility of the villages surrounding the town, resulting in sparse settlements in the entire municipal area and the development of one urban area. This urban area acts as a regional service centre, supplying the surrounding rural villages with commodities and services.

Type of Settlement	No. of Settlements	Percentage
Sparse (10 or fewer households)	1021	3%
Tribal settlement	26422	90%
Farm	-	-
Small holding	-	-
Urban settlement	1190	4%
Informal settlement	426	1%
Recreational	156	1%
Industrial area	-	-
Institution	109	1%
Hostel	-	-
Total	**29324**	**100%**



Electricity is supplied by Eskom and funded by the Department of Minerals and Energy (DME). The role of the municipality is to communicate with Eskom and facilitate the provision of electricity in the municipal area. In areas where there is no electricity supply, communities use alternative means of energy: candles, gas or paraffin. Free basic electricity or alternative energy is provided for certain indigent households. The municipality was previously faced with a problem of power interruptions; the Guqula project was then designed to improve the quality of the area's electricity supply. The project was completed in April 2008. The quality of the electricity power supply has since improved.

It is currently estimated that, out of 29 324 households, about 23 459 (80%) have access to electricity compared to previous years, where access to electricity was much less than these reported ratios.

Safety and Security Conditions

The municipality, SAPS, Government Departments and community members have joined in partnership to fight against crime in the municipal area.

The SAPS is currently policing an area of approximately 1300 square kilometres, and the functional police officials in the community are reported to be 1:2377. The recommended ratio is 1:500.

The municipality is threatened by crimes such as attacks on tourists, faction fights, domestic related crimes and disasters (namely road accidents and drowning). Nonetheless the crime rate in Port St Johns has decreased compared to the previous financial year.

The statistics from SAPS indicate the following:

- Common assault has decreased by 7%;
- Burglary and theft has been reduced by 9%;
- Unlawful possession of fire arms is 34% lower;
- 20% fewer rapes were reported;
- Malicious damage to property has decreased by 27%.

These statistics are based on reported crimes.

The municipality is divided into five policing sectors; each sector has its own crime forums. The forums are: the Future Forum, the Traditional Leaders' Forum, the Security Guards' Forum, the Youth Forum and the Business Against Crime Forum. These Forums have formed partnerships with the SAPS, assisting in establishing the causes of the various crimes and developing solutions to eradicate such crimes.

The following crime-prevention awareness campaigns were launched in the financial year under review:

WATHIN'TUMFAZI WATHINT'IMBOKODO – aimed at addressing crime against women and children.